

<b>HUMAN RESOURCES MEMORANDUM 11-010</b>		DATE ISSUED: 05/09/2011
SUBJECT: <b>UPDATE – STATE INCOME TAX – AGE 24-25 HEALTH AND DENTAL PLAN DEPENDENTS</b>		REFERENCE: None
TO: Managers and Supervisors, Personnel Liaisons and Attendance Clerks		SUPERCEDES: None

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**PLEASE ENSURE THAT THIS INFORMATION IS SHARED WITH YOUR EMPLOYEES**

**Background**

In 2010, the Affordable Patient Protection Act extended health and dental plan dependent eligibility to age 26. The Federal Internal Revenue Service extended the federal income tax exclusion for employer-sponsored medical benefits to include dependent children up to age 27. At that time, California State income tax rules were not changed to conform to the federal tax exclusion. Therefore, employees who enrolled eligible dependents to age 26 would have been subject to additional income tax liability for extending coverage to their age 24-25 eligible dependent children.

**Purpose**

Recent California legislative action changed State income tax rules to conform to the federal extension of the dependent eligibility age. As a result, employees are no longer potentially subject to the additional state income tax liability for age 24-25 dependent health and dental coverage.

**Effective**

This change is effective immediately and is retroactive to January 1, 2011.

**Enrollment**

You may enroll your eligible dependent children during the open enrollment period later this year or during an eligible permitting event.

**Contact**

For questions regarding this memorandum, please contact your assigned Personnel Specialist.

/s/

Beth Townsend, Personnel Officer  
Office of Human Resources

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